

Message Text

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PAGE 01 PANAMA 01573 051708Z

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ACTION ARA-08

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC IMMEDIATE 6938

C O N F I D E N T I A L PANAMA 1573

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EO 11652: GDS

TAGS: PFOR, PN, PQ, US

SUBJECT: SPECIAL MEETING OF PRC

1. AT REQUEST OF THE ACTING GOVERNOR, AMBASSADOR CONVOKED
SPECIAL MEETING OF PRC ON MARCH 4 TO CONSIDER SINGLE ITEM
OF DETERIORATING PANCANAL LABOR SITUATION.

2. CZG SPECIAL ASST. FOR LABOR RELATIONS DESCRIBED
PROCESS OF EROSION OVER PAST TWO YEARS OF PREVIOUSLY
EXCEPTIONALLY HIGH MORALE, LOYALTY AND COMMUNITY SPIRIT
OF PANCANAL EMPLOYEES. AMONG EVENTS AND DEVELOPMENTS
CONTRIBUTING TO PROGRESSIVE DETERIORATION AND GENERAL
EMPLOYEE FRUSTRATION HE LISTED: (A) ANXIETY AND UNCERTAINTY
OVER PROGRESS OF TREATY NEGOTIATIONS; (B) CONSTERNATION
OVER POSSIBILITY OF LOSING JOBS, PARTICULARLY AMONG POLICE
AND TEACHERS; (C) SPLIT BETWEEN US AND PANAMANIAN UNIONS
OVER LEAVE PARITY AND OTHER INEQUITIES BROUGHT OUT IN GAO
REPORT AND CONGRESSIONAL FINDINGS; (C) DISTRUST OF ALLEGED
MOTIVES FOR AUSTERITY MEASURES; (E) DECISION TO INTEGRATE
SCHOOLS AND HOUSING AND TO REDUCE SECURITY POSITIONS.

3. PCC REPS STATED THAT RECENT CONSULTATIONS ON PROPOSALS
TO LIMIT TROPICAL DIFFERENTIAL AND LOWER CUTOFF LEVEL OF
SOME POSITIONS PREVIOUSLY CLASSIFIED UNDER US WAGE SCALE,
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PAGE 02 PANAMA 01573 051708Z

COMBINED WITH OTHER MEASURES SUCH AS CLOSING GATUN

SWIMMING POOL AND REDUCTION OF CERTAIN COMMISSARY SERVICES, GENERATED PUBLIC REACTION WHICH HAD NOT BEEN FORESEEN. THEY CHARACTERIZED FEB. 23 LABOR RALLY AS UGLY AFFAIR IN WHICH VEYSEY BURNED IN EFFIGY AND WHERE IT WAS QUITE EVIDENT THAT LABOR DISCONTENT WAS BROADER COMMUNITYWIDE PROBLEM. NO JOB ACTION HAD BEEN DECIDED AT THAT TIME PENDING MEETING OF SEC ARMY WITH CZ AND US LABOR LEADERS.

4. ACTING GOVERNOR STATED THAT AT MARCH 3 MEETING IN WASHINGTON LABOR LEADERS HAD MADE STRONG DEMAND THAT CZG WITHDRAW ITS CONTROVERSIAL PROPOSALS. REPORTEDLY, SEC ARMY AND VEYSEY REPLY WAS TO EFFECT CONSULTATIONS WERE STILL IN INITIAL PHASE AND WOULD CONTINUE UNLESS LABOR REPS TAKE INITIATIVE TO BREAK OFF TALKS. (CONSULTATIONS ARE SCHEDULED TO CONTINUE UNTIL APRIL 9, FOLLOWED BY PANCANAL BOARD DECISION IN MAY AND IMPLEMENTATION OF ANY DECISIONS ON JULY 1.) ACTING GOVERNOR BELIEVES THAT NEWS OF THIS ACTION WILL TRIGGER UNFAVORABLE REACTION AMONG PANCANAL EMPLOYEES WHO HAVE SCHEDULED ANOTHER RALLY NIGHT OF MARCH 7. PCC DOES NOT BELIEVE THAT UNION LEADERSHIP IS SOLIDLY BEHIND ANY JOB ACTION AT THIS TIME AND MAY ATTEMPT TO CANCEL RALLY. THEY THINK GOP MAY HAVE ADVISED PANAMANIAN UNIONS TO AVOID PARTICIPATION IN STRIKE.

5. HOWEVER, PANCANAL OFFICIALS HAVE INFORMATION THAT ATTEMPT MAY BE MADE TO CLOSE GATUN LOCKS ON MONDAY, MARCH 8. REPORT IS THAT SOME 200 PANAMANIAN AND 60-70 US EMPLOYEES FROM DREDGING DIVISION MAY NOT BE AVAILABLE FOR WORK THAT DAY. THEY BELIEVE THAT SUCH ACTION WOULD BE WILDCAT STRIKE OR SLOW-DOWN RATHER THAN CONCERTED REFOR WITH FULL UNION BACKING. PANCANAL PREPARING TO RESPOND TO ANY ATTEMPTED ILLEGAL STRIKE ACTION, AND HAS A LABOR CONTINGENCY PLAN WHICH IT IS READY TO IMPLEMENT.

7. ACTING GOVERNOR CONCLUDED BY STATING THAT WASHINGTON VIEW IS THAT PCC/CZG MAY BE EXAGGERATING THREAT OF POTENTIAL STRIKE, SLOW-DOWN OR OTHER JOB ACTION. HE EXPRESSED HOPE THIS WAS SO BUT SAID HE WANTED TO ACQUAINT PRC PRINCIPALS WITH GRAVITY WITH WHICH HE SEES SITUATION.

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PAGE 03 PANAMA 01573 051708Z

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